

DEPARTMENT OF STATE TELEGRAM

MFG. 9/69

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ACTION PM-05

INFO OCT-01 AF-12 NEA-13 L-04 DODE-00 CIAE-00 NSAE-00 H-02  
SS-20 RSR-01 RSC-01 /059 W

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P 231000Z MAR 70  
FM AMEMBASSY TEHRAN  
TO SECSTATE WASHDC PRIORITY 613  
INFO AMEMBASSY ADDIS ABABA PRIORITY  
AMCONSUL ASMARA  
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SECRET SECTION 1 OF 2 TEHRAN 1052

CORRECTED COPY FOR TEXT. PARA 4.

PASS DOD

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FOR PM RE PINCUS-PAUL TRIP

SUBSTANTIVE DISCUSSIONS WITH PINCUS-PAUL TOOK PLACE IN SIX MEETINGS: WITH AMBASSADOR, [REDACTED] ARMISH/MAAG, AND CHIEF GENMISH ON MARCH 21; AGAIN WITH CHIEF ARMISH/MAAG (ACCOMPANIED BY CHIEF ARMY SECTION GENERAL MATAxis AND EMBASSY REPS), AND LATER WITH AMBASSADOR ON MARCH 22.

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MEETING WITH AMBASSADOR

1. AMB DESCRIBED NATURE OF US INTERESTS IN IRAN (FAVORABLE TRADE BALANCE FOR US OF OVER \$200 MILLION; ONLY AIR CORRIDOR FROM EUROPE TO ASIA; SITE OF SPECIAL US FACILITIES WHICH CANNOT BE DUPLICATED ELSEWHERE); AND IN PERSIAN GULF (VITAL SOURCE OF OIL TO NATO ALLIES AND JAPAN, SITE OF SOME \$3.5 BILLION US INVESTMENTS, AND SOURCE OF NET BENEFIT TO US BALANCE OF PAYMENTS OF ALMOST \$2 BILLION PER YEAR, WHICH LIKELY INCREASE). AWARE UK WITHDRAWAL WILL LEAVE VACUUM WHICH RADICAL AND UNFRIENDLY ARAB REGIMES ANXIOUS FILL, IRAN RECOGNIZES IT FUTILE HOPE FOR USG GUARANTEE RE GULF AS WELL UNDESIRABLE FOR BIG POWERS TO DIRECTLY INTER- VENE IN GULF AS THIS COULD MAKE IT ANOTHER EAST-WEST COCKPIT.

\*Army and DOS reviews completed\* Declassification/Release Instructions on File

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IRAN THUS LOOKING FORWARD TO COOPERATIVE ARRANGEMENTS AMONG  
MODERATE GULF STATES, WHILE SIMULTANEOUSLY BUILDING UP MILITARY  
STRENGTH AS ONLY COUNTRY IN AREA WHICH CAN PROVIDE NEEDED MUSCLE  
IN SUPPORT OF GULF SECURITY.

2. AFTER NOTING BARRIERS TO IRAN-ARAB COOPERATION, AMBASSADOR  
DESCRIBED SHAH'S STATESMANLIKE POSITION ON BAHRAIN AND EFFORTS  
DEAL WITH GULF SHEIKDOMS ON BASIS OF EQUALITY. STRESSED US,  
WHILE DISCREETLY ENCOURAGING IDEA OF COOPERATIVE ARRANGEMENT  
AMONG GULF STATES AND IRAN, HAS CONSCIOUSLY REFRAINED FROM GIVING  
PUBLIC SUPPORT LEST WE GIVE CONCEPT KISS OF DEATH.

3. WITH END OF AID IN 1967 AND VIRTUAL END OF MILITARY MATERIEL  
GRANT AID, PROVISION BY US OF MILITARY ADVICE, TRAINING, AND SALES  
OF SOPHISTICATED EQUIPMENT HAS BECOME KEY ELEMENT IN US-IRAN  
RELATIONS. IRAN NOW IN POSITION TO PAY AS IT GOES TOWARD  
FURTHER MILITARY MODERNIZATION AND BUILD-UP. SHAH HAS HEALTHY  
APPETITE WHICH OUR CLOSE RELATIONSHIP HAS ENABLED US TO MODERATE  
ON IMPORTANT OCCASIONS. IMPORTANCE IRAN ATTACHES TO US MILITARY  
CREDITS HAS GROWN AS IRAN'S FINANCIAL RESOURCES HAVE COME UNDER  
MULTIPLE PRESSURES, I.E., OVERRUNS ON MAJOR DEVELOPMENT PROJECTS;  
ACCELERATION IN MILITARY BUILD-UP IN WAKE SUDDEN UK DECISION TO  
LEAVE GULF; AND SHAH'S INSISTENCE ON CONTINUING ECONOMIC AND  
SOCIAL REFORM AT SAME TIME AS MILITARY AND SECURITY BUILD-UP.

4. IN REPLY PINCUS QUESTION RE STATUS 1959 BILATERAL AGREEMENT,  
AMBASSADOR REVIEWED HISTORY OF IRAN-SOVIET RELATIONS; CONCLUDED  
THAT, WHILE RELATIONS GOOD ON SURFACE, IRANIANS NOT BELIEVE SOVIETS  
HAVE GIVEN UP TRADITIONAL GOAL OF ACCESS TO GULF. IRANIANS DO NOT  
EXPECT DIRECT SOVIET AGGRESSION UNLESS IN CONTEXT OF MUCH WIDER WAR,  
IN WHICH CASE THEY BELIEVE US WOULD INEVITABLY BECOME INVOLVED.  
SHAH, HOWEVER, IS GENUINELY CONCERNED RE THREAT TO GULF FROM  
RADICAL ARABS, BACKED BY SOVIETS. SHAH HAS STRESSED FOR SOME  
TIME THAT DAY IS LONG GONE WHEN GREAT POWERS SHOULD BE INVOLVED  
IN REGIONAL CONFLICTS. HE BELIEVES IRAN MUST BE ABLE MEET SUCH  
THREAT ITSELF AND IS WILLING PAY WAY IN DOING SO.

5. WHEN PAUL ASKED ABOUT BILATERAL CONTINGENCY PLANNING,  
AMBASSADOR REPLIED THERE HAS BEEN NONE. WHEN PINCUS SAID HE  
RECALLED SEEING DOD DOCUMENT FROM ABOUT 1965 RE BILATERAL PLANNING,  
AMBASSADOR AGAIN GAVE ASSURANCE THERE HAD BEEN NO SUCH BILATERAL  
PLANNING, THAT DOCUMENT PINCUS RECALLED COULD HAVE BEEN SOME TYPE

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OF US UNILATERAL ESTIMATE OR PLANNING EXERCISE BUT THAT ONLY  
WASHINGTON WOULD KNOW ABOUT THAT. PAUL ALSO ASKED ABOUT CENTO  
CONTINGENCY PLANNING; GENERAL TWITCHELL SAID ARMISH/MAAG IS NOT  
INVOLVED IN SUCH PLANNING.

6. REPLIES TO OTHER PINCUS-PAUL QUESTIONS AS FOLLOWS:

(A) UK DID NOTIFY US OF GULF WITHDRAWAL DECISION; US  
UNSUCCESSFULLY SOUGHT DISSUADE THEM; REVERSAL OF DECISION SEEMS  
VERY UNLIKELY.

(B) IRAN HAS RESERVED POSITION RE GULF FEDERATION  
PENDING SETTLEMENT OF BAHRAIN ISSUE; US HAS SUPPORTED UK  
EFFORTS FORM FEDERATION QUIETLY AND FROM SIDELINES;

(C) NEITHER JAPAN NOR WESTERN EUROPE, THOUGH AWARE  
GULF'S IMPORTANCE TO THEM, APPEAR READY PLAY POLITICAL-SECURITY  
ROLE IN GULF AREA;

(D) IRAN'S INTEREST IN GULF ISLANDS (TUNBS AND ABU MUSA)  
IS BASICALLY TO PREVENT THEIR FALLING INTO HOSTILE HANDS WHERE  
THEY COULD BE USED TO INTERDICT MOUTH OF GULF;

(E) IRANIAN CONCERN RE GROWTH OF IRAQI FORCES AND EQUIPMENT  
DUE PARTLY TO FEAR OF IRRATIONAL ACTS BY IRAQI REGIME AND  
GROWTH OF SOVIET PRESENCE THERE BUT ALSO TO FEAR OF IRAQI PLANS  
FOR SUBVERSION IN GULF. OBJECT OF SHAH'S MILITARY BUILD-UP IS NOT  
TO FIGHT WITH IRAQIS, BUT DETER THEM AND OTHER RADICAL ARAB REGIMES  
FROM GULF ADVENTURES (AMBASSADOR MENTIONED IRAN DISTURBED BY PRSY  
ATTACK ON SAUDI ARABIA LAST DECEMBER AND BY REPORTS OF OTHER SUB-  
VERSIVE EFFORTS EMANATING FROM BOTH PRSY AND IRAQ.) GP-3.

MACARTHUR

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